



# Grant Thornton

An instinct for growth™

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## Information Commissioner's Office

### Internal Audit 2015-16: Finance Review

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Distribution		Timetable	
For action	Head of Finance	Fieldwork completed	18 December 2015
		Draft report issued	2 February 2016
For information	Senior Corporate Governance Manager	Management comments	12 February 2016
	Audit Committee	Final report issued	17 February 2016

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## Glossary

<b>1</b>	The following terms are used in this report:	
<b>4</b>	MS Great Plains	Finance system
	ICE	Customer management system
<b>12</b>	PO	Purchase Order
<b>15</b>	GRN	Goods Received Note

This report is confidential and is intended for use by the management and Directors of the ICO only. It forms part of our continuing dialogue with you. It should not be made available, in whole or in part, to any third party without our prior written consent. We do not accept responsibility for any reliance that third parties may place upon this report. Any third party relying on this report does so entirely at its own risk. We accept no liability to any third party for any loss or damage suffered or costs incurred, arising out of or in connection with the use of this report, however such loss or damage is caused.

It is the responsibility solely of the ICO management to ensure that there are adequate arrangements in place in relation to risk management, governance and control.

# 1 Executive Summary

## 1.1 Background

As part of the 2015-16 Internal Audit Plan, we agreed with management and the Audit Committee to undertake a review of key controls over the ICO's finance arrangements.

The ICO's main source of income is from fees relating to its Data Protection activities, which are collected from Data Controllers who notify they are processing personal data under the Data Protection Act 1998. The annual fee is £35 for charities and small organisations with fewer than 250 employees, while a higher fee of £500 applies to data controllers who have an annual turnover of £25.9 million or more or employing more than 250 people.

Fees collected in the year 2014-15 totalled more than £17.5million (2013-14: £16.5million); a 6% increase over the previous year. The forecasted fee income for 2015-16 is £18million.

The ICO has recently implemented a new finance system, Great Plains, and this review focussed on three key areas of control:

- Purchase ledger
- Income recognition and processing – regarding Data Protection fees that are paid by cheque, card Direct Debit and BACS
- Segregation of duties and access rights on the finance system.

The objective of our review was to establish whether or not there are a strong set of controls in the purchase ledger and income recognition processes and how these meet the ICO requirements.

## 1.2 Scope

Our review involved an assessment of the following risks:

### Purchase ledger

- The controls over the processing of purchase invoices may be inadequate;
- The controls over the matching of purchase invoices to approved purchase orders and goods receipts records may be inadequate;
- The process for approval of invoices for payment may be inadequate; and
- The approval of payments may not be made in accordance with the established delegated authorities.

### Income recognition

- The processing of receipts for Data Protection fees from all sources may not be sufficiently well controlled; and
- Income processed through the Great Plains system may not be reconciled to the ICE customer management system.

### Segregation of duties

- Appropriate segregation may not be in place across key financial activities (specifically between the originator of purchase orders and

those authorising the invoice for payment and also during the processing of receipts from fee-payers); and

- The ICO may not tailor access rights on its finance system to the requirements of individuals' roles.

Further details on responsibilities, approach and scope are included in Appendix A.

### 1.3 Overall assessment

We have made an overall assessment of our findings as:

Overall assessment	
Following agreement of the nature and significance of individual issues with management, in our view this report contains matters which require the attention of management to resolve and report on progress in line with current follow up processes.	Amber

Please refer to Appendix B for further information regarding our overall assessment and audit finding ratings.

### 1.4 Key findings

Risk / Process	High	Medium	Low	Imp
Purchase ledger	-	-	1	1
Income recognition	-	-	3	1
Segregation of duties	-	2	-	-
<b>Total</b>	-	<b>2</b>	<b>4</b>	<b>2</b>

The following findings are assessed as Medium:

- We found that user access rights to the MS Great Plains system were not appropriate, as each member of the Finance team is a designated super user with access to amend user profiles and to edit supplier details. As the system is now established at the ICO, a formal review of user access rights (including super users) should be undertaken to

enforce segregation of duties and limit the abilities of individuals to process finance data.

- After the BACS payment file is generated as a text file, a check of bank details is done by a separate member of the Finance team. However this check is not documented, and once the check is complete the file is then returned to the same member of staff who generated the BACS file for upload into Bankline. We noted that the payment file is not locked down at any point, meaning there is a risk that supplier details can be amended prior to upload into Bankline.

Further details of our findings and recommendations are provided in Section 2.

### 1.5 Basis of preparation

We identified the following controls in place during our audit:

- Purchases are requested through the completion of a purchase requisition which will be charged to the department of the requesting staff member. Once a purchase has been requested, it is automatically forwarded (workflow) within MS Great Plains to the relevant budget holder or other member of staff with authority to approve that order.
- After purchases have then been approved by the Head of Finance, a purchase order is generated by Finance and sent back to the requestor. The order will then be submitted to the supplier and will include relevant purchase details to facilitate matching of PO, GRN and invoice. Orders requested with a new supplier will not be processed until the supplier has been added onto the system.
- Invoices are loaded onto the system by the Finance team upon receipt into the Finance department. They will only be matched to a purchase order if the goods or services have already been receipted by the purchaser who checks a box in MS Great Plains. There is a tolerance level of £1 to account for rounding errors when matching

invoices. The system does not allow duplicate invoices to be uploaded.

- A report is run to flag any invoices which are uploaded to the system but which relate to an order which has not yet been marked as received. These are then chased by the Finance team to understand why goods or services have not yet been receipted.
- Invoices cannot be added onto a payment run without appropriate approval and matching to an order and receipt; once they have been approved and matched they will be automatically added to the payment run.
- Once invoices have been approved, a payment run is uploaded to Bankline by a member of the Finance team. Once it has been uploaded into Bankline, it requires two digital signatures within the system before the payment run can be processed.
- MS Great Plains automatically forwards orders to identified approvers for approval. This forwarding is built into the system and can only be overridden by a system administrator.
- There is a system of horizontal hierarchy in place on Great Plains, meaning that there are multiple delegated authorities and the Head of Department who receive a notification once a purchase has been logged on the system. One of the designated approvers must then approve this, which then removes the notification from the other approvers. This is an efficient way of approving invoices and purchases as a number of staff see the notification.
- Cheques and direct debit mandates are processed in batches with corresponding batch headers to denote the number in each batch and their total value.
- The Registration department have documented procedures in place, available on ICON (organisation intranet) detailing how to process new Direct Debit mandates and Cheque batches.
- Fees may also be paid in via direct debit mandates. These are processed by the Registration team and batched in a similar way to cheques. Direct debit collections are processed by the Finance team daily. The Direct Debit file is generated from the information stored

in ICE and uploaded to the BACS system. These receipts are then processed electronically and reconciled the following day.

- ICE automatically sends notifications to registered users 42 days in advance of their registration expiring; reminders are also sent. If a customer has registered with their email address details, the reminder will be emailed; if a customer has registered with postal address reminders are sent by post using an external fulfilment company.

### 1.6 Elsewhere in the sector

We detail below other ways of working and commonly occurring issues that we have experienced during similar types of reviews for other public bodies. The following does not necessarily purport to be good practice but is included for your information and consideration:

- We have seen elsewhere that organisations will insist on requiring purchase orders for all purchases. We understand that the ICO may introduce this at a later date once the new system is more deeply embedded within the culture of the ICO.

### 1.7 Acknowledgement

We would like to take this opportunity to thank the staff involved for their co-operation during this internal audit.

## 2 Detailed Findings

### 2.1 Purchase Ledger

1.	Low	Purchase ledger system approvals
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Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>During the course of our audit we became aware that there are two routes to adding an invoice to the system. For orders which require a purchase order (PO) a clear process is in place to raise and approve the purchase and to subsequently match the order to the goods received and invoice.</p> <p>However, there are also 'non PO-able' designated items, which are added to the system when an invoice arrives; e.g. heat, light, travel, legal fees etc. These are items for which the order value cannot be accurately determined in advance and therefore the difference would typically be outside the £1 limit. These invoices can only be approved by a budget holder; Finance adds them to the system and the items are then approved by the Head of Finance.</p> <p>We noted that there are no policies or formal procedures to denote when this process should be applied, which may lead to non-agreed items being purchased without an order being placed.</p>	<p>Clear policies should be implemented making it clear which suppliers and/or services are permitted to be procured without a purchase order being in place, which should include the authority required to engage with these suppliers.</p>	<p>All non PO-able invoices are pre-agreed by the Head of Finance and are listed on ICON. The list contains only those items that cannot be valued before invoice stage and the invoice would always be approved by the budget holder before payment. No item outside this list will be processed without a PO.</p> <p>The list will be reviewed to ensure that it is up to date and policies will make the process clear.</p> <p>Date Effective: 31 May 2016</p> <p>Owner: Sally Hanson</p>

2.	Improvement	Policies and procedures
Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>Prior to our audit, we were informed that a new management accountant would be starting in January 2016. As part of their role, they will take on some duties currently performed by the Head of Finance, including approval of all orders on the MS Great Plains system. This will address the inefficiency arising from the Head of Finance having to approve all orders.</p> <p>Also, as part of the introduction of this role, financial policies and procedures will be refreshed to fully incorporate the new MS Great Plains system and reflect current procedures.</p>	<p>The ICO should assign responsibility for checking purchase orders for accuracy and compliance to the new Management Accountant to reduce the workload of and reliance upon the Head of Finance and to maintain accountability within the business units.</p> <p>We support the ICO's intention to refresh its policies and procedures to refer to the new MS Great Plains system and recommend that this review should include referencing the role of the Management Accountant and their role and responsibilities.</p>	<p>The new purchase management system is in its early stages of implementation and there are a number of operational issues still to resolve. It is our intention to transfer PO approval to the management accountant as soon as practical.</p> <p>The management accountant has already started to review and update all of the policies and procedures around this issue and the new finance system.</p> <p>This review will take some time given that the Management Accountant and Head of Finance are both new to the organisation. However, we are committed to a thorough review of all policies and procedures including the process for purchase order approval.</p> <p>Date Effective: 31 December 2016</p> <p>Owner: Sally Hanson</p>

## 2.2 Income recognition

3.	Low	Registration of customer accounts
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Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>During testing we noted that when cheques are received, the Registration team will update the customer account within ICE to recognise payment of the fee. However this does not take into account the fact that a cheque may bounce or may be falsified and so cannot be banked. With this, there is a risk that customer accounts may not accurately reflect the actual cash received by the ICO.</p> <p>We noted that customers will be issued with a certificate of registration before income is recognised in the bank account. This is also the case for credit card reports. The report used to update the ICE system is the transaction report, rather than the money actually collected. Although a second report is also automatically generated which details money collected and this is used to discover discrepancies between money received and anticipated transactions, there is a risk that customer accounts may not accurately reconcile with the actual cash received by the ICO and customers may be issued with registration certificates before funds have cleared.</p>	<p>We recommend that the Registration team explore the option of updating the ICE records based on actual cash banked, rather than the receipt of cheques in order for customer records to accurately show payments. This would also address the risk that certificates are issued before payment is confirmed as received.</p>	<p>Whilst the logic of the recommended approach is recognised, in practice it would result in an extra step in the registration process for both the Finance and Registration Teams for <b>all</b> registrations. It would also delay the vast majority of registrations where payment goes through properly by up to a couple of weeks. It is therefore the view of the ICO that the benefits of ensuring 100% of registrations are properly made would be far outweighed by the additional cost to the ICO in administering the process and the built in delay for the vast majority of registrations.</p> <p>No further action necessary.</p>



4.	Low	Allocation of BACS funds
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Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>During discussions with Finance we noted that, while the ICO explicitly states that BACS transfers are not accepted as a means of payment of data protection fee income due to difficulties in allocating the fees, around 3-4% of total fee income for the year is still received by BACS. Once this arrives in the ICO bank account, unless there is a reference with a customer registration number, it cannot be allocated to an ICE customer account.</p> <p>We noted during testing that Finance will journal all monies received via BACS transfer and will allocate these as far as possible; however there will still be some which are not allocated. We also noted that customers occasionally pay into the wrong ICO bank account, which then requires a reallocation via the daily bank reconciliation.</p> <p>There is a risk that customer records are not updated, despite payment being received leading to inaccurate customer records. We also noted that despite Finance's best efforts, much cash will remain in the reconciliation spreadsheet as "unallocated to a customer". While this income is allocated in management account data as data protection fee income, it does not get allocated to a customer account.</p> <p>We also noted that there is an odd value of unallocated cash which has been recognised as data protection fee income. As fees charged are either £35 or £500, it is not correct to assume that all BACS income is data protection fees. Using information accurate to the dates we were on site, £32,149.88 remained unreconciled for this financial year, the majority of this within December 2015 (£18,290.00). Since this total cannot be a multiple of the round sums involved, it would imply that a mistake has been made.</p>	<p>We recommend that management reiterate the ICO's position on not accepting BACS transfers in order to reduce the manual workload of the Finance team.</p> <p>We also recommend that management review how the current process for allocating BACS receipts to a customer account on ICE can be improved to reflect the cash received via BACS to customer accounts.</p> <p>Management should also consider how they can report on fee income which arrives by BACS transfer to ensure that an accurate figure is reported.</p>	<p>The ICO's stated policy is that BACs payments are not accepted. However, there are cases where data controllers cannot make payments by any other means, and where a data controller demonstrates that this is the case such payments are accepted. In addition the ICO cannot actually stop BACs payments being made except by changing its bank account. The ICO therefore considers it is doing all it reasonably can to limit BACs payments being made.</p> <p>It is worth adding that the unallocated funds are not all registration fees because other income can be paid into the account in error, such as conference fees. This arises because some customers have this account established within their own finance systems and do not always check that funds are being sent to the right account as per the invoice. Such sums are normally relatively easy to identify and are moved to the right account leaving the remaining much smaller balances to be treated as fees.</p> <p>The ICO does accept the need to ensure that these balances are reconciled and cleared down, and we will do this as part of our year end processes. We will also review the process with the Registration department to resolve the issue of unallocated fee income.</p> <p>Date Effective: 31<sup>st</sup> May 2016</p> <p>Owner: Sally Hanson</p>

5.	Low	Use of cash accounting for recognising income
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Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>At present, the ICO does not account for income on a deferred or accrued basis; instead DP Fees are accounted for on a cash accounting basis which is inconsistent with its income recognition policy.</p> <p>As Data Protection laws are currently being reviewed and revisions will be phased in over the next two years, there may be an increase in the number of registrations and there is a risk that the ICO's Data Protection fee income may be incorrectly reported if it experiences a major increase in Data Controllers in a single year.</p>	<p>The ICO should report its Data Protection income applying the accruals basis to comply with its accounting policies.</p>	<p>A registration only becomes valid when a fee has actually been paid; at which point the anniversary of the original registration becomes the renewal date as opposed to it being the payment date. This suggests that income recognition should be based on the payment date as the ICO could never forecast who may pay and when, and we could not back date the income recognised.</p> <p>If the ICO did follow an accruals basis we could never account for the registrations we had not received and were yet to accrue at year end as, per the above point.</p> <p>And we suspect, given the rate in which the register increases (including new and drop off) that any difference in income recognition year on year from deferred income would net off to an immaterial amount. Given the level of work that would be required to bring this into the accounts, the ICO does not intend changing its processes.</p> <p>No further action necessary.</p>

6.	Improvement	Reporting into ICE
Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>Data Controllers can choose to pay by card using an online payment system on the ICO website. Barclaycard is the system used by ICO to process card payments and on a daily basis, a report is generated which can then be automatically fed into ICE to update customer records to denote payment.</p> <p>There is then a second report run by Barclaycard which details the payments which have been processed, but not yet received, such as a foreign card payment. We noted that this report does not automatically feed into ICE. Instead, Finance performs a manual reconciliation to keep track of expected payments into account. Whilst we found no issues with this process, it would be more efficient if this secondary report could be automatically uploaded into ICE.</p>	<p>We recommend that management investigate the possibility of establishing an automatic link between the Barclaycard system and ICE to reduce the need for manual reconciliation.</p>	<p>It is agreed that the ICO will investigate the possibility of establishing an automatic link between the Barclaycard system and ICO.</p> <p>Date Effective: 31 May 2016</p> <p>Owner: Andrew Jarvis</p>

## 2.3 Segregation of duties

<b>7.</b>	<b>Medium</b>	<b>User access rights</b>
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Finding and Implication	Proposed action	Agreed action (Date / Ownership)
<p>We tested the process in place for paying invoices and were made aware that, at the time of our audit, a member of the Finance team currently prepares the payment run. This member of staff also has access to amend supplier details on the system.</p> <p>We were informed that the intention is to change this when a new management accountant is recruited and starts work in January 2016.</p> <p>Furthermore, during discussion with the Head of Finance, we were made aware of a significant piece of work which was undertaken to identify appropriate access rights for all users to the Great Plains system. However all four members of the Finance team have 'super user' access which enables them to amend user profiles, alter supplier details and raise purchases.</p> <p>The current access rights structure enables staff in the Finance function to have potential access to the entire processing of purchases without segregation, which exposes the ICO to a heightened risk of misappropriation from an individual. We would expect to see clear segregation of duties to prevent a single member of staff having the functionality to undertake the full purchase process. Further, we would normally expect super-user rights to be held by individuals who are independent of the Finance team and lie elsewhere, usually within IT or a similar function.</p>	<p>We recommend that the ICO fully investigate the access rights within MS Great Plains to fully understand what capabilities the super users have.</p> <p>We recommend that these super user rights are removed from Finance staff and allocated to appropriate individuals from outside of the Finance team.</p> <p>Further, a review of access rights amongst the Finance team should be undertaken to implement appropriate segregation of duties that prevent individuals from undertaking entire processing without the involvement of a second person. Super user access should also be logged and monitored regularly to track what has been done.</p>	<p>We agree there is a need to review this. At the time of writing there is a support and training issue for the systems administration which is causing operational difficulties and requires the Lead Finance Officer to keep super user access status until we address the lack of training. This is being treated as a priority.</p> <p>Date Effective: 30<sup>th</sup> June 2016</p> <p>Owner: Sally Hanson</p>

<b>8.</b>	<b>Medium</b>	<b>Bank detail changes</b>
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<b>Finding and Implication</b>	<b>Proposed action</b>	<b>Agreed action (Date / Ownership)</b>
<p>A check of bank details takes place on a weekly basis before each payment run. We noted that once the payment run has been generated, the BACS file is generated and then saved by the same member of the Finance team onto a secure drive within Finance.</p> <p>Once it is saved here, another member of the team checks the bank details to confirm that they are correct. This second member of the Finance team can amend bank details as part of their check. The check is done informally and not signed off. Once the check has been done, the second member of the Finance team will let the first member of staff know that it is ready to be uploaded into Bankline for processing.</p> <p>There is a risk that the member of staff can amend the BACS file, including bank details, before upload onto Bankline.</p>	<p>The BACS payment run file should be locked down once it has been generated so that bank details or payment values cannot be changed. If changes are needed following the review, these should be processed in Great Plans and a new BACS payment run file should be created, which is subject to the same review and checks as the initial file.</p> <p>We also recommend that a more formal check of bank details is recorded, creating an audit trail which can be used to track errors</p>	<p>Agreed. Lock down of the BACS payment run file was implemented in January 2016.</p> <p>A process to put in place more formal checks of bank details will be put in place.</p> <p>Date Effective: 30th June 2016</p> <p>Owner: Sally Hanson</p>

## A Internal audit approach

### Approach

Our role as internal auditor to a Public Body is to provide an independent and objective opinion to the Accounting Officer on risk management, control and governance processes, by measuring and evaluating their effectiveness in achieving the organisation's agreed strategic objectives.

Our audit was carried out in accordance with the guidance contained within the Government's Internal Audit Standards (2013) and the Auditing Practices Board's 'Guidance for Internal Auditors'. We also had regard to the Institute of Internal Auditors' guidance on risk based internal auditing (2005). In addition, we comply in all material respects with other Government guidance applicable to Public Bodies and have had regard to the HM Treasury guidelines on effective risk management (the 'Orange Book').

As part of the 2015-16 Internal Audit Plan, we have agreed with management and the Audit Committee to undertake a review of key controls over the ICO's finance arrangements, to further inform our on-going understanding of the ICO's key internal control activities.

Our aim in completing this audit was to ensure that the ICO has appropriate arrangements in place to identify, manage and report on risk.

We achieved our audit objectives by:

- meeting with key staff to gain an understanding of the arrangements in place to perform key finance activities;
- identifying the key risks to these arrangements and evaluating the management controls that mitigate these risks; and
- reviewing key documents that support the above processes.

The findings and conclusions from this review will support our annual opinion to the Audit Committee on the adequacy and effectiveness of internal control arrangements.

### Responsibilities

The Information Commissioner acts through his Board of Management and the Information Commissioner's Office ("ICO") discharges his obligations. Therefore references to the Information Commissioner and the ICO in this report relate to one and the same party.

It is the responsibility of the Information Commissioner to ensure that the ICO has adequate and effective risk management, control and governance processes.

HM Treasury's Corporate Governance in Central Government Departments (2011) states that boards of Public Bodies should determine the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should therefore maintain

sound risk management and internal control systems and should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the organisation's auditors.

Please refer to our letter of engagement for full details of responsibilities and other terms and conditions.

## Scope

Our review involved an assessment of the following risks:

### Purchase ledger

- The processing of purchase invoices may be inadequate resulting in the failure to identify errors in invoice details, coding and amounts or the payment of invoices that are inaccurately priced or are duplicates of existing invoices.
- The matching of purchase invoices to approved purchase orders and goods receipts records may be inadequate resulting in the inaccurate reporting of accruals and the payment of suppliers for goods and services that have not been ordered or received, or have been returned leading to financial loss, or the processing of duplicate payments
- Approval of invoices for payment may be inadequate resulting in the breach of delegated authorities and financial loss to the company.
- The approval of payments may not be made in accordance with the delegated authorities of approval resulting in breaches of company policy and potential financial loss

### Income recognition

- The processing of receipts for Data Protection fees from all sources may not be robustly controlled resulting in inaccurate allocation of fees to clients' accounts and inaccurate reporting of income
- Income processed through the Great Plains system may not be reconciled to the ICE customer management system resulting in a

failure to produce accurate income data for reporting and decision making

### Segregation of duties

- Appropriate segregation may not be in place across key financial activities (specifically between the originator of purchase orders and those authorising the invoice for payment and the processing of receipts from fee-payers) resulting in the potential for misappropriation not being detected or prevented
- The ICO may not tailor access rights on its finance system to the requirements of individual's roles resulting in unauthorised amendments to customer and supplier data, amendments being made in error or inappropriately leading to inaccurate management information and/or potential financial loss.

## Additional information

### Client staff

The following staff were consulted as part of this review:

- Heather Dove – Head of Finance
- Sandrine Leostic – Senior Finance Officer
- David Pulo – Finance Officer
- Natalie Bray – Finance Officer
- Traci Shirley – Team Manager, Customer Contact (Registration)
- Helen Adshead – Line Manager, Customer Contact (Registration)

### Documents received

The following documents were received during the course of this audit:

- List of non PO-able items (see above comments on 2.1)
- Delegated Listing of Authority
- User rights testing spreadsheet
- Batch signing sheet

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- Screenshot of DP Fee income documents
  - BACS reconciliation file
  - Credit card reconciliation file
  - Registration process documentation
  - ICE Cheque Batch Report
  - Renewals Post Batch Header
  - Batch Book excerpts

#### Locations

We visited The Information Commissioner's Office, Wilmslow for this review.



## B Definition of overall assessment internal audit ratings

### Overall assessment

Rating	Description
<b>Red</b>	Following agreement of the nature and significance of individual issues with management, in our view this report contains matters which should be raised with Senior Management and the Audit Committee at the earliest opportunity.
<b>Amber</b>	Following agreement of the nature and significance of individual issues with management, in our view this report contains matters which require the attention of management to resolve and report on progress in line with current follow up processes.
<b>Green</b>	We have identified matters which, if resolved, will help management fulfil their responsibility to maintain a robust system of internal control.

### Audit issue rating

Within each report, every audit issue is given a rating. This is summarised in the table below.

Rating	Description	Features
<b>High</b>	Findings that are fundamental to the management of risk in the business area, representing a weakness in control that requires the immediate attention of management	<ul style="list-style-type: none"> <li>• Key control not designed or operating effectively</li> <li>• Potential for fraud identified</li> <li>• Non compliance with key procedures / standards</li> <li>• Non compliance with regulation</li> </ul>
<b>Medium</b>	Important findings that are to be resolved by line management.	<ul style="list-style-type: none"> <li>• Impact is contained within the department and compensating controls would detect errors</li> <li>• Possibility for fraud exists</li> <li>• Control failures identified but not in key controls</li> <li>• Non compliance with procedures / standards (but not resulting in key control failure)</li> </ul>
<b>Low</b>	Findings that identify non-compliance with established procedures.	<ul style="list-style-type: none"> <li>• Minor control weakness</li> <li>• Minor non compliance with procedures / standards</li> </ul>
<b>Improvement</b>	Items requiring no action but which may be of interest to management or best practice advice	<ul style="list-style-type: none"> <li>• Information for department management</li> <li>• Control operating but not necessarily in accordance with best practice</li> </ul>



# Grant Thornton

An instinct for growth™

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